

Message Text

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53

ACTION ARA-20

INFO OCT-01 ADP-00 EB-11 AID-20 PA-03 PRS-01 USIA-15 AGR-20

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01

/134 W

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R 191100Z JUL 73

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 4385

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL PORTO ALEGRE BY POUCH

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E.O. 11652: N/A

TAGS: ETRN, BR

SUBJECT: PORT CONGESTION IN SOUTHERN BRAZIL

1. THE SAO PAULO NEWSPAPERS HAVE CARRIED STORIES OF ALLEGED PORT CONGESTION IN SOUTHERN BRAZIL PORTS, NOTABLY SANTOS AND PARANAGUA, AND MINISTER OF TRANSPORTATION ANDREAZZA VISITED THE TWO PORTS IN LATE JUNE TO LOOK INTO THE MATTER.

2. CONSULAR OFFICERS VISITED SANTOS JULY 16, MET SEPARATELY WITH INSPECTOR GENERAL J.M. BERENGUER OF COMPANHIA DE DOCAS DE SANTOS AND HIS CHIEF OF PORT OPERATIONS DR. VIANNA, AND HAD AN OPPORTUNITY TO REVIEW CURRENT OPERATING DOCUMENTS FOR THE PORT. ON JULY 16, 43 SHIPS WERE ALONGSIDE LOADING, UNLOADING, OR AWAITING CARGO. THREE MORE TIED UP DURING THE DAY AND THERE WERE NONE WAITING IN THE RIVER OR OUTSIDE THE BAR EXCEPT FOR THREE SPECIAL CASES: ONE VESSEL NEEDING REPAIRS, AND TWO TRAMPS WHICH HAD ARRIVED TO LOAD SOYBEANS UNDER A SALES CONTRACT CLOSED IN EUROPE AT \$150 A TON, RIDICULOUSLY BELOW MARKET PRICES, AND OF COURSE NO ONE IS PROVIDING SOYBEANS AT THIS PRICE.

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TEN VESSELS WERE ALONGSIDE LOADING OR ATTEMPTING TO LOAD

DEMARARA OR CRYSTAL SUGAR, BUT SUGAR WAS NOT ARRIVING FROM THE MILLS IN THE INTERIOR OF THE STATE OF SAO PAULO IN SUFFICIENT QUANTITIES TO PERMIT SYSTEMATIC LOADING OF MOST VESSELS. DR. VIANNA SAID THAT THE MILLS HAD BEEN LATE IN STARTING TO PROCESS SUGAR AND THEN RAILROADS HAD BEEN UNABLE TO HONOR THEIR COMMITMENT TO MINISTER ANDREAZZA TO PROVIDE 250 RAILROAD CARS A DAY FOR SUGAR. EXAMINATION OF DAILY ARRIVAL FIGURES CONFIRMED THIS. WHEN SUGAR ARRIVES IT GOES STRAIGHT TO QUAIS, BUT CRYSTAL SUGAR IS PARTICULARLY SHORT. TRUCKS ARE ALSO USED BUT MAIN PROBLEM IS OVERALL CAPACITY OF OLD CABLE RAILROAD, THE SANTOS-JUNDIAI LINE.

3. WE OBSERVED ACTUAL LOADING OF ONE SHIP AND NOTED SLOWDOWN BY LONGSHOREMEN, AS A RESULT OF RECENTLY ISSUED GOVERNMENT WAGE REFORM DECREE BY SUNAMAM. NEVERTHELESS, SHIPS CAN AND HAVE BEEN LOADING OVER A THOUSAND TONS OF SUGAR IN BAGS A DAY, AS DEMONSTRATED BY PORT RECORDS, IF SUGAR IS AVAILABLE.

4. CARGILL INFORMED ME JULY 18 THAT SITUATION IN PARANAGUA AND RIO GRANDE DO SUL PORTS AS OF TODAY IS MUCH MORE SERIOUS AS A RESULT OF SOYBEAN SHIPMENTS. IN PARANAGUA, 8 OR 9 SHIPS ARE WAITING TO DOCK, INCLUDING FOUR VESSELS TO LOAD SOYBEANS AND TWO OR THREE TO LOAD SOYBEAN MEAL. THE AVERAGE WAIT BEFORE DOCKING IS 2-3 DAYS. THERE ARE ADEQUATE STOCKS OF SOYBEANS AND MEAL IN PARANAGUA, BUT THE PRINCIPAL PROBLEM IS SPACE TO TIE UP AND LOAD. THERE IS SOME DELAY IN BRINGING BEANS FROM THE REMOTER WAREHOUSES IN THE DOCK AREA.

5. ON JULY 18, THERE IS ONE VESSEL WAITING TO LOAD BEANS IN PORTO ALEGRE AND TWO WAITING TO LOAD MEAL. CONSUL TOWELL IN PORTO ALEGRE CONFIRMS THAT SHIPS ARE WAITING AS SEEN FROM HIS OFFICE WINDOW. IN RIO GRANDE DO SUL, FOUR VESSELS ARE WAITING TO LOAD BEANS AND TWO TO LOAD MEAL. CARGILL STATES THAT THE PROBLEM IN RIO GRANDE STATE IS LACK OF TRANSPORTATION FROM THE HARVEST AREAS TO THE PORTS. A MAXIMUM OF 65,000 TONS CAN BE MOVED A WEEK.

6. CARGILL'S ANALYSIS IS THAT THE PORT SITUATION IN RIO GRANDE STATE WILL GET WORSE. THROUGH JULY 14, BRAZIL HAD EXPORTED A TOTAL OF 855,000 TONS OF SOYBEANS BROKEN DOWN AS FOLLOWS:
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SANTOS 200,000; PARANAGUA 290,000; AND PORTO ALEGRE AND RIO GRANDE 365,000. CARGILL EXPECTS SANTOS AND PARANAGUA EXPORTS TO DRY UP IN NEAR FUTURE. THE TRADE ESTIMATES THAT 1.5 MILLION TONS OF SOYBEANS HAVE BEEN SOLD FOR EXPORT AND THE BALANCE TO BE EXPORTED IS 645,000 TONS, ESSENTIALLY FROM RIO GRANDE DO SUL STATE, BEFORE SEPTEMBER 20 IN ORDER TO ARRIVE BEFORE U.S. EXPORTS. OVERLAND TRANSPORTATION FACILITIES IN THE STATE WILL BE

SORELY TAXED TO MEET THIS GOAL AND PORT DELAYS EXPECTED TO
MULTIPLY. DECONTROL 12/31/73
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PORT FACILITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SAOPA01563
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SAO PAULO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730723/aaaaaqlu.tel
Line Count: 118
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 31 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Jan-2002 by martinjw>; APPROVED <06-Feb-2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PORT CONGESTION IN SOUTHERN BRAZIL
TAGS: ETRN, BR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005